

Calendar No. 879

110TH CONGRESS
2D SESSION

S. 2120

[Report No. 110–419]

To authorize the establishment of a Social Investment and Economic Development Fund for the Americas to provide assistance to reduce poverty, expand the middle class, and foster increased economic opportunity in the countries of the Western Hemisphere, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 1, 2007

Mr. MENENDEZ (for himself, Mr. MARTINEZ, Mr. BIDEN, Mr. LUGAR, Mr. DODD, Mr. COLEMAN, Mr. SALAZAR, Mr. KERRY, Mrs. CLINTON, Mrs. BOXER, Mr. NELSON of Florida, Mr. CARDIN, Mr. REID, and Mr. HAGEL) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

JULY 15, 2008

Reported by Mr. BIDEN, without amendment

A BILL

To authorize the establishment of a Social Investment and Economic Development Fund for the Americas to provide assistance to reduce poverty, expand the middle class, and foster increased economic opportunity in the countries of the Western Hemisphere, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Social Investment and Economic Development for the
4 Americas Act of 2007”.

5 (b) TABLE OF CONTENTS.—The table of contents for
6 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

Sec. 3. Amendment to Foreign Assistance Act of 1961.

Sec. 4. Amendment to the Inter-American Development Bank Act.

Sec. 5. Sense of Congress.

Sec. 6. Payment of arrears owed by United States to the Multilateral Invest-
ment Fund.

7 **SEC. 2. FINDINGS.**

8 Congress makes the following findings:

9 (1) It is in the national interest and national
10 security interest of the United States to help foster
11 security and stability in Latin America and the Car-
12ibbean.

13 (2) Over the past 25 years, there has been tre-
14mendous progress on democracy and economic
15growth in the Western Hemisphere, and the hemi-
16sphere is now a region dominated by democracies
17and democratic values.

18 (3) the United States contributes, on average,
19\$820,000,000 in bilateral development assistance to
20Latin America and the Caribbean each year and has
21continued to strengthen its commitment to pro-

1 moting our shared values, heritage, and culture
2 while confronting the common challenges we face.

3 (4) The United States has also contributed
4 through the Millennium Challenge Account more
5 than \$269,000,000 in development assistance to
6 countries in the region that have demonstrated a
7 commitment to just and democratic governance, eco-
8 nomic freedom, and investing in their people.

9 (5) Poverty and inequality remain historic and
10 persistent problems in the region, which undermine
11 progress on social and economic development. These
12 problems contribute to the rise of populist ideas and
13 add to inequality. The poverty rate in Latin America
14 is almost 40 percent, with little significant change
15 since the 1980s, and Latin America remains the re-
16 gion with the most unequal distribution of wealth in
17 the world.

18 (6) The region must also face the challenges of
19 staggering crime rates, weak judicial systems, and
20 inadequate housing, health care, and educational
21 systems.

22 (7) By expanding the middle class through pro-
23 moting microenterprise, improving the investment
24 climate, and creating a competitive workforce in
25 Latin America and the Caribbean, the United States

1 will be able to help respective governments improve
2 economic development in the region, and the coun-
3 tries of the region will become stronger trading part-
4 ners with the United States.

5 (8) Working in partnership with the countries
6 of the region, the United States can play a positive
7 role in addressing these challenges.

8 (9) As President George W. Bush said on
9 March 5, 2007, “The working poor of Latin Amer-
10 ica need change, and the United States of America
11 is committed to that change. It is in our national in-
12 terests, it is in the interest of the United States of
13 America to help the people in democracies in our
14 neighborhood succeed. When our neighbors are pros-
15 perous and peaceful, it means better opportunities
16 and more security for our own people. When there
17 are jobs in our neighborhood, people are able to find
18 work at home and not have to migrate to our coun-
19 try. When millions are free from poverty, societies
20 are stronger and more hopeful.”.

21 (10) In order to effect significant reduction of
22 poverty and enhance sustainable development, the
23 United States must continue to make a long-term
24 commitment of significant resources to programs

1 that impact on housing, health care, and educational
2 systems.

3 **SEC. 3. AMENDMENT TO FOREIGN ASSISTANCE ACT OF**
4 **1961.**

5 Part I of the Foreign Assistance Act of 1961 (22
6 U.S.C. 2151 et seq.) is amended by adding at the end
7 the following new chapter:

8 **“CHAPTER 13—SOCIAL INVESTMENT AND**
9 **ECONOMIC DEVELOPMENT FOR THE**
10 **AMERICAS**

11 **“SEC. 499H. AUTHORIZATION OF ASSISTANCE.**

12 “(a) ASSISTANCE.—The President, acting through
13 the Administrator of the United States Agency for Inter-
14 national Development and working with foreign govern-
15 ments and civil society, shall provide increased and sus-
16 tained assistance to reduce poverty, expand the middle
17 class, and foster increased economic opportunity in the
18 countries of the Western Hemisphere by helping to—

19 “(1) improve the quality of life and invest in
20 human capital, specifically by promoting education,
21 improving health and disease prevention, and in-
22 creasing the access to and quality of housing;

23 “(2) reduce crime, particularly violent crime, in-
24 cluding murder, kidnapping, gang violence, and vio-
25 lence against women;

1 “(3) generate rural development and reduce
2 poverty in the agricultural and non-agricultural
3 rural sector;

4 “(4) strengthen the rule of law, governance,
5 and democracy through the establishment of inde-
6 pendent judiciaries, efficient processes to adjudicate
7 claims, and trusted law enforcement bodies; and

8 “(5) reduce poverty and eliminate the exclusion
9 of marginalized populations, including indigenous
10 groups, people of African descent, women, rural and
11 urban poor, and people with disabilities.

12 “(b) CONTRIBUTION REQUIREMENT.—To receive
13 United States assistance under this chapter, a recipient
14 country must contribute at least 10 percent of the total
15 value of the funds the United States provides for projects
16 in the recipient country. Such contribution is in addition
17 to the funds such country regularly provides for these
18 types of programs. Additional contributions may be re-
19 quired at the discretion of the Administrator of the United
20 States Agency for International Development.

21 “(c) INELIGIBILITY TO RECEIVE ASSISTANCE.—The
22 President shall be prohibited from providing assistance
23 under this section to the government of a country that
24 is ineligible to receive assistance under section 620, this
25 part, or chapter 4 of part II.

1 “(d) TERMS AND CONDITIONS.—Assistance under
 2 this chapter may be provided on such other terms and con-
 3 ditions as the President may determine.

4 “(e) COORDINATION WITH OTHER FEDERAL AGEN-
 5 CIES.—The Administrator of the United States Agency for
 6 International Development shall coordinate with the heads
 7 of other Federal departments and agencies as necessary
 8 to carry out subsection (a).

9 **“SEC. 499I. WESTERN HEMISPHERE ECONOMIC INVEST-**
 10 **MENT AND DEVELOPMENT ADVISORY COM-**
 11 **MITTEE.**

12 “(a) IN GENERAL.—There is established within the
 13 United States Agency for International Development an
 14 advisory committee to be known as the Western Hemi-
 15 sphere Economic Investment and Development Advisory
 16 Committee (hereafter in this chapter referred to as the
 17 ‘Advisory Committee’). The Advisory Committee shall
 18 serve as a link among the United States Government, non-
 19 governmental organizations, the private sector, and other
 20 interested parties and review projects funded under this
 21 Act.

22 “(b) MEMBERSHIP.—

23 “(1) IN GENERAL.—The Advisory Committee
 24 shall be composed of 6 members, of whom—

1 “(A) 1 member, who shall act as co-chair-
2 person, shall be appointed by the President;

3 “(B) 1 member, who shall act as co-chair-
4 person, shall be appointed by—

5 “(i) the majority leader of the Senate,
6 in consultation with the senior member of
7 the leadership of the House of Representa-
8 tives belonging to the same political party
9 as the majority leader of the Senate, if the
10 majority leader of the Senate does not be-
11 long to the same political party as the
12 President; or

13 “(ii) the minority leader of the Sen-
14 ate, in consultation with the senior mem-
15 ber of the leadership of the House of Rep-
16 resentatives belonging to the same political
17 party as the minority leader of the Senate,
18 if the majority leader of the Senate belongs
19 to the same political party as the Presi-
20 dent;

21 “(C) 1 member shall be appointed by the
22 majority leader of the Senate;

23 “(D) 1 member shall be appointed by the
24 minority leader of the Senate;

1 “(E) 1 member shall be appointed by the
2 Speaker of the House of Representatives; and

3 “(F) 1 member shall be appointed by the
4 minority leader of the House of Representa-
5 tives.

6 “(2) QUALIFICATIONS.—Each member of the
7 Advisory Committee shall be—

8 “(A) an individual with technical expertise
9 with respect to the development of Latin Amer-
10 ica or the Caribbean; or

11 “(B) a citizen of the United States with—

12 “(i) regional experience related to de-
13 velopment in Latin America or the Carib-
14 bean;

15 “(ii) technical or functional experience
16 with respect to development issues; or

17 “(iii) extensive expertise in small busi-
18 ness issues or international business expe-
19 rience in Latin America or the Caribbean.

20 “(c) DUTIES.—The Advisory Committee shall—

21 “(1) consult with, provide information to, and
22 advise the United States Agency for International
23 Development and other United States Government
24 agencies, as appropriate, on, and work closely with
25 the United States Agency for International Develop-

1 ment Regional Director, the Assistant Secretary for
2 Western Hemisphere Affairs of the Department of
3 State, and the United States Executive Director of
4 the Inter-American Development Bank on, matters
5 related to this chapter;

6 “(2) meet at least twice annually and at other
7 times as necessary;

8 “(3) serve as a liaison with, and provide infor-
9 mation and counsel to, the private sector and non-
10 governmental organizations in relation to the
11 projects covered under this chapter; and

12 “(4) review all impact evaluations on projects
13 proposed for funding using assistance provided
14 under section 499H(a) and make recommendations
15 and submit a written report to the Administrator of
16 the United States Agency for International Develop-
17 ment with respect to the effectiveness of the projects
18 and future changes to the program.

19 “(d) CONFLICTS OF INTEREST.—A member of the
20 Advisory Committee shall not be permitted to review an
21 application submitted by an organization with which the
22 member has been or is affiliated or in which the member
23 has had a financial interest.

24 “(e) STAFF AND TRAVEL.—Using funds appro-
25 priated pursuant to the authorization of appropriations

1 under section 499L, the Advisory Committee may estab-
2 lish and maintain a staff of no more than 2 persons to
3 provide administrative support and may maintain a budg-
4 et for travel expenses.

5 **“SEC. 499J. EVALUATION.**

6 “(a) IN GENERAL.—The Administrator of the United
7 States Agency for International Development shall ensure
8 that projects carried out under this chapter are subject
9 to rigorous, independent impact evaluations at the original
10 design stage and conclusion of the projects to determine
11 if they are helping to reduce poverty and foster social and
12 economic development in the countries of the Western
13 Hemisphere. When possible, such evaluations shall be con-
14 ducted in coordination with evaluations of similar projects
15 funded by other donors in order to expand the evidence
16 base for decision-making.

17 “(b) USE OF EVALUATIONS.—The Advisory Com-
18 mittee shall use information from the evaluations con-
19 ducted under subsection (a) to inform future project deci-
20 sions.

21 **“SEC. 499K. REPORT.**

22 “Not later than 1 year after the date of the enact-
23 ment of the Social Investment and Economic Development
24 for the Americas Act of 2007, and annually thereafter,
25 the President shall prepare and submit to Congress a re-

1 port on the specific programs, projects, and activities car-
 2 ried out under this chapter during the preceding year, in-
 3 cluding an evaluation of the results of such programs,
 4 projects, and activities. This report may be submitted with
 5 the budget justification materials submitted to Congress
 6 together with the budget of the President under section
 7 1105(a) of title 31, United States Code.

8 **“SEC. 499L. AUTHORIZATION OF APPROPRIATIONS.**

9 “(a) IN GENERAL.—There are authorized to be ap-
 10 propriated to carry out this chapter, including for pur-
 11 poses of reducing poverty, expanding the middle class, and
 12 fostering increased economic opportunity in the countries
 13 of the Western Hemisphere, in addition to amounts of
 14 United States Foreign Assistance Funds (Function 150)
 15 otherwise authorized and appropriated and the
 16 \$820,000,000 in bilateral development assistance provided
 17 by the United States, on average, to Latin America and
 18 the Caribbean each year, the following amounts:

- 19 “(1) \$50,000,000 for fiscal year 2008.
- 20 “(2) \$75,000,000 for fiscal year 2009.
- 21 “(3) \$100,000,000 for fiscal year 2010.
- 22 “(4) \$125,000,000 for fiscal year 2011.
- 23 “(5) \$150,000,000 for fiscal year 2012.
- 24 “(6) \$150,000,000 for fiscal year 2013.
- 25 “(7) \$150,000,000 for fiscal year 2014.

1 “(8) \$150,000,000 for fiscal year 2015.

2 “(9) \$150,000,000 for fiscal year 2016.

3 “(10) \$150,000,000 for fiscal year 2017.

4 “(b) **ADDITIONAL AUTHORITIES.**—Amounts appro-
5 priated pursuant to subsection (a)—

6 “(1) are authorized to remain available until ex-
7 pended;

8 “(2) are in addition to amounts otherwise avail-
9 able for such purposes; and

10 “(3) may be used to fund staff and travel ex-
11 penses of the Advisory Committee.

12 “(c) **FUNDING LIMITATION.**—Not more than 7 per-
13 cent of the amounts appropriated pursuant to subsection
14 (a) for a fiscal year may be used for administrative ex-
15 penses.”.

16 **SEC. 4. AMENDMENT TO THE INTER-AMERICAN DEVELOP-**
17 **MENT BANK ACT.**

18 The Inter-American Development Bank Act (22
19 U.S.C. 283 et seq.) is amended by adding at the end the
20 following new section:

21 **“SEC. 39. SOCIAL INVESTMENT AND ECONOMIC DEVELOP-**
22 **MENT FUND FOR THE AMERICAS.**

23 “(a) **IN GENERAL.**—The Secretary of the Treasury
24 shall instruct the United States Executive Director at the
25 Bank to use the voice, vote, and influence of the United

1 States to urge the Bank to establish an account to be
 2 known as the ‘Social Investment and Economic Develop-
 3 ment Fund for the Americas’ (in this section referred to
 4 as the ‘Fund’), which is to be operated and administered
 5 by the Board of Executive Directors of the Bank con-
 6 sistent with subsection (d). The United States Governor
 7 of the Bank may vote for a resolution transmitted by the
 8 Board of Executive Directors which provides for the estab-
 9 lishment of such an account, and the operation and admin-
 10 istration of the account consistent with subsection (d).

11 “(b) OTHER CONTRIBUTIONS.—The Fund may ac-
 12 cept funds from other member countries of the Bank, pri-
 13 vate entities in the United States and in other member
 14 countries of the Bank, and countries in Latin America and
 15 the Caribbean.

16 “(c) MATCHING REQUIREMENT.—No funds may be
 17 expended from the Fund until the total amount contrib-
 18 uted by the United States in the first year of operation
 19 of the Fund has been matched.

20 “(d) CONTRIBUTION REQUIREMENT.—To receive as-
 21 sistance under this section, a recipient country must con-
 22 tribute at least 10 percent of the total value of the funds
 23 the Fund provides for projects in the recipient country.
 24 Such contribution is in addition to the funds such country
 25 regularly provides for these types of programs. Additional

1 contributions may be required at the discretion of the
2 Board of Governors of the Bank.

3 “(e) USE OF FUNDS.—The Fund shall be used to
4 provide assistance to reduce poverty, expand the size of
5 the middle class, and foster increased economic oppor-
6 tunity in the countries of the Western Hemisphere by
7 helping to—

8 “(1) nurture public private partnerships and
9 microenterprise development;

10 “(2) reduce the time and cost of starting a
11 business and increase access to credit for small-and
12 medium-sized businesses;

13 “(3) leverage personal remittances and reduce
14 the cost of remittances sent to Latin America and
15 the Caribbean, for the purpose of advancing eco-
16 nomic and social development by—

17 “(A) increasing access to financial institu-
18 tions for the poor, and working with local finan-
19 cial institutions to reduce fees and other costs
20 associated with sending or receiving remit-
21 tances;

22 “(B) working with local financial institu-
23 tions to develop programs whereby personal re-
24 mittances can be used as the basis for credit for

1 mortgages and loans for small business, micro-
2 enterprises, housing, and other enterprises;

3 “(C) providing matching funds for private
4 entities in the United States that send dona-
5 tions for development projects in Latin America
6 and the Caribbean; and

7 “(D) fostering enabling environments for
8 partnerships between civil society and local au-
9 thorities that lead to greater accountability and
10 improved processes for establishing priorities
11 for remittances, including income-generating
12 and wealth-building activities;

13 “(4) in conjunction with changes implemented
14 by recipient countries, improve the investment cli-
15 mate in individual countries by strengthening the
16 rule of law and implementing judicial reforms to in-
17 crease transparency and predictability in judicial,
18 tax, and regulatory systems;

19 “(5) increase workforce competitiveness in the
20 global economy, specifically by focusing on applica-
21 tion of technology and workforce training and devel-
22 opment; and

23 “(6) reduce poverty and eliminate the exclusion
24 of marginalized populations, including indigenous

1 groups, people of African descent, women, rural and
 2 urban poor, and people with disabilities.

3 “(f) INELIGIBILITY TO RECEIVE ASSISTANCE.—The
 4 President shall be prohibited from providing assistance
 5 under this section to the government of a country that
 6 is ineligible to receive assistance under section 620, part
 7 I, or chapter 4 of part II of the Foreign Assistance Act
 8 of 1961 (22 U.S.C. 2151 et seq.).

9 “(g) TERMS AND CONDITIONS.—Assistance under
 10 this section may be provided on such other terms and con-
 11 ditions as the President may determine.

12 “(g) AUTHORIZATION OF APPROPRIATIONS.—

13 “(1) CONTRIBUTIONS.—There are authorized to
 14 be appropriated to the Secretary of the Treasury for
 15 United States contributions to the Fund for the pur-
 16 pose of carrying out this section the following
 17 amounts:

18 “(A) \$50,000,000 for fiscal year 2008.

19 “(B) \$75,000,000 for fiscal year 2009.

20 “(C) \$100,000,000 for fiscal year 2010.

21 “(D) \$125,000,000 for fiscal year 2011.

22 “(E) \$150,000,000 for fiscal year 2012.

23 “(F) \$150,000,000 for fiscal year 2013.

24 “(G) \$150,000,000 for fiscal year 2014.

25 “(H) \$150,000,000 for fiscal year 2015.

1 “(I) \$150,000,000 for fiscal year 2016.

2 “(J) \$150,000,000 for fiscal year 2017.

3 “(2) ADDITIONAL AUTHORITIES.—Amounts ap-
4 propriated pursuant to paragraph (1)—

5 “(A) are authorized to remain available
6 until expended; and

7 “(B) are in addition to amounts otherwise
8 available for such purposes.

9 “(3) FUNDING LIMITATION.—Not more than 7
10 percent of the amounts appropriated pursuant to
11 paragraph (1) for a fiscal year may be used for ad-
12 ministrative expenses.”.

13 **SEC. 5. SENSE OF CONGRESS.**

14 It is the sense of Congress that—

15 (1) the amounts authorized to be appropriated
16 to carry out this Act and the amendments made by
17 this Act should be used to help countries in Latin
18 America and the Caribbean focus on improving indi-
19 cators in the area of investing in people, as that
20 term is used in section 607(b)(3) of the Millennium
21 Challenge Act of 2003 (22 U.S.C. 7706(b)(3)), and
22 consistent with the transformational development
23 program of the Department of State;

24 (2) the Multilateral Investment Fund, which
25 was fully established in 1993 as part of President

1 George H.W. Bush's Enterprise for the Americas
2 Initiative, has been successful in promoting inclusive
3 economic growth in Latin America and the Carib-
4 bean;

5 (3) creating a public-private partnership work-
6 ing in coordination with the Multilateral Investment
7 Fund will accelerate the work of the Multilateral In-
8 vestment Fund and allow it to expand economic op-
9 portunity to the people in the Western Hemisphere;
10 and

11 (4) as stated in section 499L of the Foreign
12 Assistance Act of 1961, as added by section 3,
13 amounts authorized to be appropriated pursuant to
14 the amendments made by this Act for a fiscal year
15 for initiatives to reduce poverty, expand the middle
16 class, and foster increased economic opportunity in
17 the countries of the Western Hemisphere are in ad-
18 dition to amounts that would be allocated or pro-
19 jected in the President's budget request for Latin
20 America and Caribbean for such fiscal year.

21 **SEC. 6. PAYMENT OF ARREARS OWED BY UNITED STATES**
22 **TO THE MULTILATERAL INVESTMENT FUND.**

23 There is authorized to be appropriated to the Sec-
24 retary of the Treasury \$51,000,000 for payment to the

- 1 Inter-American Development Bank of arrears owed by the
- 2 United States to the Multilateral Investment Fund.

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[Report No. 110-419]

A BILL

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JULY 15, 2008

Reported without amendment